
DIGEST

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HB No. 189

Abstract: Provides for early retirement of members of the La. State Employees' Retirement System (LASERS) who have attained age 50 and have at least 10 years of service credit. Requires an actuarial reduction of benefits for such members. Also requires that positions in state government vacated by such members be abolished and shall not be reestablished or filled except in accordance with procedures in proposed law. Effective July 1, 2010, and ceases to be effective July 1, 2013.

Relative to the La. State Employees' Retirement System (LASERS):

Proposed law enacts the "Early Retirement and Permanent Payroll Reduction Act", to be effective from July 1, 2010, through June 30, 2013. Provisions are substantially the same as the Early Retirement and Payroll Reduction Acts of 2001, 2004, and 2006 except that the time period for early retirement in those Acts was through Dec. 31, 2002, Dec. 31, 2004, and Dec. 31, 2008, respectively. Provisions of the 2001, 2004, and 2006 Acts prohibiting reestablishment of positions that were abolished after being vacated by early retirement during those time periods, except pursuant to procedures in the Acts (which are the same as those in proposed law), remain effective.

Proposed law states that its purpose is to permanently reduce the number of state employees, thereby reducing payroll costs, in a manner which furthers the fiscal soundness of the state and which is fair and equitable to state employees.

Retirement provisions:

Proposed law allows any member of LASERS to retire and receive retirement benefits if he has attained at least age 50 and has at least 10 years of service credit, exclusive of any military service credit, when he retires.

Proposed law authorizes members who retire pursuant to proposed law to receive annual benefits that are calculated in accordance with present law (a retirement benefit equal to 2-1/2% of average compensation, times the number of years of creditable service) and further requires the actuarial reduction of such retirees' benefits to account for early retirement. Prohibits the annual benefit from exceeding 100% of compensation.

Proposed law prohibits members who retire pursuant to proposed law from participating in the Deferred Retirement Option Plan (DROP) or from receiving the alternative benefit option known

as the Initial Benefit Option (IBO).

Restrictions on employee positions and payroll:

Proposed law provides that a member, if eligible, can retire under the provisions of proposed law or the 20-year early retirement provisions of present law (R.S. 11:441(A)(1)(d)). Provides that the employment restrictions of proposed law apply to positions vacated by reason of the early retirement provisions of present law and of proposed law. Provides that any person retiring under such provisions of present law or proposed law during such period is not eligible for reemployment by the state or any agency thereof.

Proposed law provides that any position which becomes vacant as a result of an early retirement pursuant to proposed law or present law (as described above) shall not be filled and must be abolished and shall only be filled or reestablished if approved:

- (1) Jointly by the commissioner of administration and the director of state civil service with the commissioner making the initial approval in filling positions (executive branch).
- (2) By the Legislative Budgetary Control Council (legislative branch).
- (3) By the Judicial Budgetary Control Board (judicial branch).

Proposed law prohibits reestablishing, over any five-year period, more than 10% of the positions which have become vacated pursuant to proposed law or present law (as described above) and prohibits more than 1/3 of the positions abolished pursuant to proposed law in each branch of state government during any one fiscal year from being reestablished during that year, unless in specific individual cases:

- (1) Either the commissioner of administration or the governor acts together with the director of state civil service to jointly certify that an emergency need exists (executive branch).
- (2) The Legislative Budgetary Control Council certifies that an emergency need exists, and the need is also certified and approved jointly by the president of the Senate and speaker of the House (legislative branch).
- (3) The Judicial Budgetary Control Board certifies that an emergency need exists, and the need is also certified and approved by the chief justice of the La. Supreme Court (judicial branch).

Proposed law prohibits filling a position so vacated unless so reestablished and unless the hiring is also authorized as provided above for reestablishing the position. Prohibits filling positions that are reestablished except by moving qualified existing employees from within the same agency when the agency has qualified personnel to fill the positions and provides that the positions becoming vacant by such movement must be abolished, subject to the reestablishment procedures.

Proposed law requires the appointing authority of an agency in which a position is abolished to notify the state treasurer of the unspent portion of state general funds appropriated to pay for that position and requires the state treasurer to withhold from that agency's state general fund appropriation an amount equal to the unspent state general fund appropriation, including employer retirement contributions, for the position abolished. Proposed law requires the state treasurer to return to the agency's state general fund appropriation an amount sufficient to pay for any position that is reestablished from the date of reestablishment to the end of the fiscal year in the proportion and to the extent the position is to be funded from the state general fund.

Proposed law requires the governor to include, as part of the executive budget, a summary of the number of positions abolished by the agency pursuant to proposed law and any positions abolished and refilled pursuant to proposed law.

Proposed law provides that the provisions of proposed law relating to the elimination of positions vacated by early retirees shall not apply to the LSU Health Science Center at Shreveport, E.A. Conway Medical Center in Monroe, or the Huey P. Long Medical Center in Pineville, or to Dept. of Public Safety and Corrections security officers or probation and parole officers.

Proposed law specifies that the Early Retirement and Payroll Reduction Acts of 2001, 2004, and 2006 shall not be affected by proposed law, and that the provisions of those Acts remain in effect, particularly the provisions abolishing positions vacated during the effective periods of those Acts and provisions prohibiting reestablishment and filling of such positions except pursuant to procedures in those Acts.

Effective July 1, 2010, and ceases to be effective July 1, 2013, except that the provisions of proposed law relating to the elimination, reestablishment, and filling of vacated positions shall continue to remain in effect after such date.

(Adds R.S. 11:441.2)